

HAWAII SURPLUS LINES TAX – EFFECTIVE 2011

FREQUENTLY ASKED QUESTIONS (FAQs)

Frequently Asked Questions

- 1) Where do I mail the Tax Statements and payments? Who should the check be made payable to?
- 2) How do I determine what forms to file? Who placed this policy - a Hawaii Licensed Surplus Lines Broker or was it Independently Procured?
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Frequently Asked Questions

- 1) Where do I mail the Tax Statements and payments? Who should the check be made payable to?

State of Hawaii Insurance Division
Dept of Commerce & Consumer Affairs
335 Merchant Street – Room # 213
Honolulu, HI 96813

The check should be made payable to:

“Department of Commerce & Consumer Affairs.”

2) How do I determine what forms to file? Who placed this policy - a Hawaii Licensed Surplus Lines Broker or was it Independently Procured?

a) If the **effective date of the original policy is before 7/21/11**, Pre-NRRA rules apply (based on the location of the risk). Only Hawaii risks should be reported if not previously reported.

1) If it was placed by a Hawaii Licensed Surplus Lines Broker, complete Form 104 (Pre NRRA 4/12) and attachments.

2) If it was an Independently Procured (by an Individual/Company) policy, complete Form SL2 (Pre NRRA 10/11).

b) If the **effective date of the original policy is on or after 7/21/11**, NRRA rules apply. Surplus Lines Brokers and Independently Procured placements must complete Forms 104-NRRA, Form 104A-NRRA, Form 104B-NRRA and Form 104C-NRRA. (Complete Form 104C-NRRA first, and then complete Form 104-NRRA.)

Note: If the original policy is a **multi-state policy, please refer to the definition of "home state" in the NRRA (See FAQ #8) or Hawaii – Act 068 for 2011(See FAQ #9).**

3) If reporting an endorsement / return premium / or audit, which tax forms should be used? It would be based on the effective date of the original policy.

a) If the effective date of the original policy is before 7/21/11, Pre-NRRA rules apply.

1) For Surplus Lines Broker,
– use a) Form 104 (PreNRRA – 4/12),
b) Form 104 Attachment (10/11) and
c) Form 104 Recap (10/11).

2) For Independently Procured,
– use a) Form SL2 (PreNRRA – 10/11)

b) If the effective date of the original policy is on or after 7/21/11, complete the following forms:

a) Form 104-NRRA
b) Form 104A-NRRA
c) Form 104B-NRRA
d) Form 104C-NRRA3/4/13

c) Effective January 1, 2013 per Commissioner's Memorandum 2013-1E and January 16, 2014 email to surplus lines brokers:

The effective date of a policy, for surplus lines tax filing purposes only, is the later of the date coverage begins or the date coverage is bound. For example, a policy with coverage beginning March 29, 2013 and bound date of April 5, 2013, the effective date of the policy is considered April 5, 2013 and due date of the tax on the policy is August 15, 2013.

The effective date of an endorsement, for surplus lines tax filing purposes only, is the later of the date when coverage begins or the date coverage is bound. For example, an endorsement with coverage beginning February 10, 2013 and bound date of July 8, 2013, the effective date of the endorsement is considered July 8, 2013 and the due date of the tax on the endorsement is November 15, 2013.

All return premiums in the tax filings must be supported by submitting copies of 1) prior tax filings submitted with the policies highlighted or marked, and 2) return premium invoices or endorsements. Tax Filings without supporting documentation will be considered incomplete and will be subject to a late filing penalty if not submitted by the tax due date.

4) What is the Hawaii tax formula for single state and multi-state policies?

For policies effective prior to 7/21/11 and single state policies (100% of risk in Hawaii) on or after 7/21/11 the formula is:

$(\text{Hawaii Gross Premium} - \text{Hawaii Return Premium}) \times 4.68\% = \text{Hawaii Surplus Lines Tax}$

For Multi-State Policies effective on or after 7/21/11 (where HI is the home state), Hawaii's tax formula is:

$\text{Hawaii (Gross Premium} - \text{Return Premium)} \times 4.68\% + \text{Other States (Gross Prem} - \text{Return Prem)} \times \text{Other States' Tax Rate} = \text{Hawaii Multi-State Taxes Due to Hawaii}$

See HRS §431:8-315 – Tax on surplus lines for Surplus Lines Brokers and HRS §431:8-205 for Independently Procured Placement.

6) What is the Hawaii Surplus Lines tax rate? 4.68%

7) When are the Surplus Lines taxes and reports due?

Period

Due Date

Jan 1 - March 31

May 15

7/28/14

Apr 1 – June 30	August 15
July 1 – Sept 30	November 15
Oct 1 – Dec 31	February 15

8) Where can I find the Nonadmitted and Reinsurance Reform Act (NRRA)?

You can find the NRRA on our website at:

<http://www.hawaii.gov/dcca/ins>

Click on “Surplus Lines Tax”

Scroll down to For policies effective on or after July 21, 2011

Click on “Nonadmitted and Reinsurance Reform Act of 2010 (NRRA)”

9) Where can I find the changes to Hawaii’s Surplus Lines law?

You can review the changes to the HRS for 2011 relating to surplus lines (Act 068) at:

http://www.capitol.hawaii.gov/session2011/bills/GM1171_.PDF

10) Where do I file Quarterly tax statements?

The quarterly tax statements should be filed with the State of Hawaii Insurance Division.

11) Do I need to file a zero tax statement?

No, a tax statement is not required to be filed if no surplus lines business was transacted in the calendar quarter.

12) For more questions, who to contact?

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